

March 8, 2005

**Wisconsin Karner Blue Butterfly HCP
Compliance Audits – Audit Year 2004 Summary**

Compliance Audits are a required condition of the federal Incidental Take Permit TE010064-4 for the Karner Blue Butterfly. Compliance audits as designed for this HCP, serve to fulfill the intent of Implementation Monitoring, which is described in the ESA monitoring guidance for HCPs. The term Compliance Audit originated with the HCP before the ESA guidance was available. The purpose of these audits is to assess the status and conditions of the management strategies and management activities actually being applied, and the degree to which partners comply with their individual conservation agreements. The audit process (1) validates whether or not partners are honoring their legal commitments, (2) provides opportunities for continuous improvement by the individual partner, and (3) provides valuable information for adaptive management for the HCP partners and the implementation process.

The primary focus of compliance audits is not punitive in nature, but rather is based on a philosophy of continuous improvement, taking advantage of a one-to-one opportunity to provide training and instruction to partner's staff involved in implementing the HCP. Should remediation be warranted, it would be after consideration by the partner's Implementation Oversight Committee (IOC) if an SHCA infraction, and if the infraction were a permit violation, the FWS would additionally be consulted.

The USFWS agreed that beginning in 2001 audits would be performed on a three-year rotation. Approximately 1/3rd of the partners and DNR properties that are subject to a compliance audit would be audited in 2001, 1/3rd in 2002, etc. With completion of the 2003 audits, all existing partners had been audited at least once. Partners and DNR properties selected for audits would receive both a file and field audit if they exercised any applicable management activities under the HCP during the previous permit year. In 2004, audits were scheduled and performed for 16 partners or DNR properties:

- 5 county forests
- 2 forest industry companies
- 5 DNR properties or area offices
- 3 utility corridor management companies
- 1 limited partner

These 16 compliance audits were performed for the following partners:

- Burnett County Forest
- Clark County Forest
- Eau Claire County Forest
- Juneau County Forest
- Monroe County Forest (follow up audit)
- Stora Enso North America
- Wausau Mosinee Paper
- DNR – Bauer Brockway SNA
- DNR – Black River SF
- DNR – Emmons Creek FA
- DNR – Hartman Creek SP
- DNR – Wautoma Area WA & FA

- Northwestern Wisconsin Electric Cooperative
- Polk-Burnett Electric Cooperative (follow up audit)
- Xcel Energy
- Lincoln Township (Burnett County)

Again, there were changes in some partner's staff in 2003-2004. This is expected. While there were challenges, partners stumbled less than in earlier years. Despite this, all audits demonstrated clear signs of good management, good intentions and a great deal of enthusiasm. Improvements over year 2003 audits were evident in all categories, particularly among partners with veteran HCP staff. As a whole, partners have demonstrated greater confidence and ability in successfully implementing the HCP and their respective conservation agreements.

Positive observations

1. Conservation agreements and current HCP guidelines were readily available to auditor and partners' staff.
2. Staff is trained to do HCP monitoring. There is a very high commitment to staff attendance at certified EM training sessions.
3. There continues to be a very good to excellent attitude toward HCP/ITP compliance and concern for the Karner blue butterfly. Attitudes and commitment still appear to be at least at the same high level as last year.
4. Auditor found some excellent and mostly good to very good record keeping systems. This continues to improve as HCP implementation becomes increasingly more routine for most partners. There is still room for more improvement; most notably where partner staff is new to the HCP and don't have ready access to, or a good command of their own company's HCP documentation.
5. There was continued evidence of KBB conservation above and beyond requirements. Partners and DNR found doing some additional restoration, habitat expansion and maintenance. Some partners like Clark County Forestry have extended excellent efforts in mentoring and providing services to county townships. Xcel Energy provides a diversity of Outreach and Education activities and continues to support local research. While this was evidenced in the previous 4 years of audits, this year the auditor felt that this extra effort was "a-matter-of-fact", very much a built in response to do the right thing.
6. There were numerous examples of good Outreach & Education efforts. Partners see this as a natural role for them. For some, they take this role for granted and don't realize they should take credit for this in annual reports.

There were two follow up audits to previous non-compliances:

- Both partners have satisfactorily performed corrective actions for their non-compliances.

Some problem areas

1. One new limited partner had no applicable documentation system for HCP recordkeeping. *A follow up audit will be scheduled in 2005 to determine if corrective action has been successful.*
2. A few partners still struggle with poor organization of documentation.

- One is required to have a follow up orientation within one year.
 - A second partner will get a visit from the HCP Coordinator to help improve their recordkeeping systems and HCP participation.
3. A number of partners experienced changes to staff assigned to HCP implementation. Transitions were less awkward in 2002 than in 2001. Previously, Sarah Carter took new folks under her wing and walked them through many of the reporting and monitoring processes. Partners mentioned how helpful Sarah had been. Turnover of temporary DNR staff continues to be a problem. In 2003, some transitions were more difficult. In 2004 we are seeing greater attrition of staff. With fewer original or veteran HCP Team members among partners, there is a growing lack of HCP mentors within partner organizations. As a result, partners with veteran staff are much improved, and those with new staff and lacking successional management are performing significantly poorer. The IOC recognizes a need for partners to provide successional management within their organizations and is taking steps to stem this problem. The HCP Coordinator feels this is the greatest threat to future active participation, continued learning, and HCP compliance.

Compliance was high, but not perfect.

Non-compliance and Negative Observations

	2001	2002	2003	2004	Total
Noncompliance (NC) observed in:	5 of 14 audits 35.7 %	2 of 20 audits 10.0 %	1 of 10 audits 10.0 %	3 of 16 audits 18.7 %	11 of 60 audits 18.3 %
Total NCs	5	2	1	4	12

Bear in mind there were only 4 NCs out of hundreds of potential areas for possible non-compliance.

Of the non-compliances:

- A new limited partner accounted for one.
- DNR accounted for two.
- An industrial forestry partner accounted for one.

Reasons for NC:

- Management documentation insufficient.
- KBB P/A survey protocol not followed.
- Failure to report land transfer within a SPA within 45 days.
- Pre-management survey missing. (Management activity took place, however partner new KBB were present and applied the appropriate conservation measures.)

Some likely or apparent causes:

- Lack of sufficient orientation for new limited partner.
- Transfer of HCP responsibility to other staff (poor successional management)
- Poor understanding of the requirements.

Still, a number of opportunities for improvement were identified.

- The IOC initiated a Monitoring Improvement Team (MIT) in November 2003 and charged the team to recommend process improvements. Much progress has been made. Better monitoring planning should result in less confusion and easier understanding of the monitoring requirements.
- While improved over previous years, conservation measures related to managing KBB lack detail in some partners' management records. To help partners better describe and/or reference how their management actions follow HCP guidelines, particularly where KBB occur, the auditor has shared a management documentation system developed by Yoyi Hernandez at the request of one partner as a result of his 2002 audit difficulty. While partners are not required to use this system, those that have adopted it have said that, not only are they more confident they are documenting management right, but their annual reporting paperwork and time are significantly better and easier.

In summary:

Management Records. While there was clear and continual improvement in many areas since the 2001 audits, there still needs to be improvement by some partners in keeping management records. While management records have improved, some still are lacking a clear and documented description of how the activity applies and conforms to HCP management guidelines. Most partners audited were able to correctly say how the activity was considerate of KBB, could relate it to a guideline, but did not describe in sufficient detail in their management documentation. Some partners don't do HCP related activities often enough to recall what is needed. The DNR developed form for collecting and maintaining records for HCP related activities that also support easier annual reporting. This form is being adopted by more partners each year.

Many improvements were implemented in 2004. Partners are doing well. By this, I mean they appear to be making an excellent effort to honor their commitments to Karner blue butterfly conservation and to continue improving their performance.

More improvements are needed. While the improvements listed above have helped, and as we experience implementation, the need for other improvements is apparent. These are areas the DNR and IOC are working on:

- **System changes are needed to bring relevance to monitoring, and provide timely feedback to fuel adaptive management.** The Monitoring Improvement Team is addressing this.
- **Successional management requires new thinking.** Staff transition among partners is inevitable. Many of the original HCP team who developed the plan and invested heavily in it are retiring or going on to other work. New staff does not have the in depth understanding of the HCP as the original HCP Team members who developed the HCP strategies, guidelines and protocols. Orientation of new staff should not be left to chance. Ownership of the plan and the understanding of the significance of this effort are just as important as understanding the protocols and conservation measures. A standardized approach and tools should be developed to assure new partners' staff knows how to implement the HCP and their

conservation agreements, and why it is important. The IOC recognizes this evolution and is addressing it.

A final conclusion:

After my experiences observing the partners implement the HCP the last 2 years, I sense that partners' conservation actions have become so integrated into their operational philosophies and way of doing their jobs that even if they weren't operating under an incidental take permit, I believe they would still manage their land with consideration for Karners. I feel they would continue to outreach to others and educate them about the Karner blue butterfly and barrens ecosystems. What will sustain this effort isn't the great and unique plan, or the years we invested to develop the plan, but I believe it is because partners feel good about what they are doing. I feel the greatest threat to continued success of the Karner Blue HCP in Wisconsin is the inevitable attrition of veteran HCP implementers among partners' staff. Measures to provide mentoring that go beyond mere process are being developed through the leadership of the IOC and Chair, Matt Krumenauer (ATC). This needs to succeed.

Submitted March 8, 2005
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